

Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 ACDA-07 CIAE-00 INR-07 IO-13 L-03
NSAE-00 NSC-05 EB-08 NRC-05 OES-07 FEA-00
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FM AMEMBASSY STOCKHOLM
TO SECSTATE WASHDC PRIORITY 1437
INFO AMEMBASSY PARIS
AMCONSUL GOTEBORG POUCH

CONFIDENTIAL STOCKHOLM 3536

E.O. 11652: GDS
TAGS: TECH, ENRG, SW
SUBJECT: REPROCESSING AGREEMENT WITH FRANCE AND CONTINUED
OPERATION OF BARSEBACK 2

1. STOCKHOLM DAILIES DAGENS NYHETER AND SVENSKA DAGBLADET, FOLLOWING A PRESS INTERVIEW WITH MINISTER OF ENERGY OLOF JOHANSSON, REPORTED ON AUGUST 23 THAT: (A) THE SWEDISH-FRENCH DRAFT AGREEMENT ON REPROCESSING NUCLEAR WASTE IS INCOMPLETE AND GENERALLY WORDED, AND THAT THE ENERGY MINISTER DID NOT WISH TO DISCUSS IT; AND (B) BARSEBACK 2 (REACTOR NO. 6) WILL BE TAKEN OUT OF OPERATION BY THE TURN OF THE YEAR IF THE REPROCESSING QUESTION IS NOT SOLVED. ACCORDING TO THE PRESS, "AN IMPORTANT DETAIL STILL REMAINS" BEFORE A GOS-GOF AGREEMENT CAN BE SIGNED AND THAT IS THE FACT THAT "THE USA HAS NOT YET GIVEN SWEDEN PERMISSION TO SHIP URANIUM TO FRANCE." (IT IS NOT CLEAR WHETHER THIS IS A QUOTATION FROM JOHANSSON, OR JOURNALISTIC COMMENT.)

2. BACKGROUND.
ON MARCH 22, 1977, THE SWEDISH NUCLEAR FUEL SUPPLY COMPANY AND THE FRENCH COMPANY, COGEMA, SIGNED A WASTE REPROCESSING
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CONTRACT. THE FRENCH COMPANY AGREED TO REPROCESS 70 TONS OF WASTE FROM BARSEBACK 2 AND RINGHALS 3, WITH DELIVERIES OF WASTE TO FRANCE BEGINNING IN LATE 1979 AND IN 1980. AFTER THIS ANNOUNCEMENT, JOHANSSON STATED, ON JUNE 18, 1977, THAT A BILATERAL AGREEMENT BETWEEN THE GOS AND THE GOF WAS NEEDED. WE UNDERSTAND FROM MFA SOURCES THAT, ON THE FRENCH SIDE, THE GOF IS INSISTING ON A SWEDISH GUARANTEE

TO TAKE BACK THE REPROCESSED NUCLEAR FUEL, WHILE THE GOS WANTS MENTIONED HOW AND WHEN THE REPROCESSED WASTE WILL BE RETURNED TO SWEDEN. THE GOVERNMENT-TO-GOVERNMENT AGREEMENT (AN EXCHANGE OF LETTERS) IS THE "DRAFT AGREEMENT" TO WHICH JOHANSSON REFERRED IN HIS PRESS CONFERENCE (PARA 1). WITH REGARD TO JOHANSSON'S REFERENCES TO CLOSING BARSEBACK 2, HE WAS MERELY REAFFIRMING HIS EARLIER STATEMENT, ON OCTOBER 8, 1976, THAT THE GOS WOULD TAKE THE PLANT OUT OF OPERATION BY OCTOBER 1, 1977, IF "AN ACCEPTABLE CONTRACT ON REPROCESSING IS NOT PRODUCED" BY THAT DATE.

3. COMMENT: IF THE SWEDISH-FRENCH AGREEMENT IS NOT MADE FINAL, THE OPERATING POWER COMPANY WILL BE UNABLE TO MEET THE TERMS OF THE CONDITIONS ACT AND PROBABLY BARSEBACK 2 WILL NOT RECEIVE GOS PERMISSION TO CONTINUE OPERATION. WE DO NOT SEE ANY OBSTACLE TO SWEDISH-FRENCH AGREEMENT FROM EITHER THE SWEDISH OR FRENCH SIDE AND ASSUME THE GOS-GOF EXCHANGE OF LETTERS CAN BE CONCLUDED SATISFACTORILY. THE PRESS HAS RUMORED THAT JOHANSSON MAY GO TO FRANCE IN SEPTEMBER OR OCTOBER TO SIGN A COMPLETED AGREEMENT. OUR GOS CONTACTS RECOGNIZE, HOWEVER, THAT WITHOUT US APPROVAL THE COGEMA CONTRACT IS NOT IMPLEMENTABLE, AND THESE LATEST PRESS REPORTS ARE INTIMATING AS MUCH. GIVEN THE POLITICAL ENTANGLEMENTS AND TECHNICAL COMPLICATIONS THAT PREVAIL, IT IS IMPOSSIBLE AT THIS STAGE TO FORESEE HOW THE GOS WILL

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REGARD THE ARRANGEMENT WITH THE GOF AND COGEMA, OR WHAT THE FINAL OUTCOME WILL BE ON BARSEBACK 2. WE THINK NOTE SHOULD BE TAKEN OF THE FACT THAT THE US CONNECTION IS EMERGING IN THE PRESS PLAY. IF THE GOS DECIDES TO APPROVE THE BARSEBACK 2 ARRANGEMENTS, THE GOS WILL PRESUMABLY RECOGNIZE THE NEED TO ASK FOR A WAIVER FROM THE USG BEFORE JOHANSSON GOES TO PARIS. IF THE GOS DECIDES TO CLOSE BARSEBACK 2, WHICH WOULD HAVE GRAVE POLITICAL CONSEQUENCES WITHIN THE GOVERNING COALITION HERE, SOME MEMBERS OF THE GOS COULD DECIDE TO USE CURRENT US POLICY RESTRICTIONS AS PART OF THEIR JUSTIFICATION FOR REJECTING THE COGEMA CONTRACT: IN THAT CASE THE US MIGHT BECOME TO SOME EXTENT A SCAPEGOAT FOR GOS DECISIONS.

4. THE EMBASSY ASSUMES THAT THE USG SHOULD STAY OUT OF THIS UNTIL THE GOS RESOLVES ITS INTERNAL DIFFERENCES AND APPROACHES US. THERE IS SOME SMALL ARGUMENT FOR REMINDING THE GOS THAT WE SHOULD BE CONSULTED BEFORE JOHANSSON SIGNS ANYTHING IN PARIS: THIS COULD BE DONE IN SUCH A WAY AS TO IMPLY THAT A WAIVER FOR BARSEBACK 2 MIGHT BE GRANTED. IF WE DID THIS, AND IF SUBSEQUENTLY SOME MEMBERS OF THE GOS SOUGHT TO MAKE THE US THE SCAPEGOAT,

WE COULD THEN POINT TO THE RECORD AND EMERGE IN SOMEWHAT
BETTER SHAPE. WE IMAGINE HOWEVER THAT THE RISKS IN
RAISING THE MATTER FROM THE US SIDE ARE GREATER THAN
THESE POSSIBLE BENEFITS, SO WE WOULD PROPOSE TO KEEP
SILENT AS FAR AS THE GOS IS CONCERNED UNTIL THEY COME
TO US. WE SHOULD OF COURSE WELCOME THE DEPARTMENT'S
INSTRUCTIONS IF THERE ARE ELEMENTS WE ARE UNAWARE OF.
PERRY

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Message Attributes

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Sent Date: 25-Aug-1977 12:00:00 am
Decapton Date: 01-Jan-1960 12:00:00 am
Decapton Note:
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Disposition Approved on Date:
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